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**BEFORE THE
BUREAU OF REAL ESTATE APPRAISERS
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA**

In the Matter of the Accusation Against:
STEVEN A. COSTELLI
388 Verona Ave.
Danville, CA 94526
Real Estate Appraiser License No.
AR020097

Respondent.

Case No. C20130418-01

DEFAULT DECISION AND ORDER

[Gov. Code, §11520]

FINDINGS OF FACT

1. On or about February 7, 2014, Elizabeth Seaters, in her official capacity as the Chief of Enforcement of the Bureau of Real Estate Appraisers (Complainant), filed Accusation No. C20130418-01 against Steven A. Costelli (Respondent) before the Bureau of Real Estate Appraisers. (Accusation attached as Exhibit A.)
2. On or about February 26, 2008, the Bureau of Real Estate Appraisers (Bureau) (formerly the Office of Real Estate Appraisers) issued Real Estate Appraiser License No. AR020097 to Respondent. The Real Estate Appraiser License expired on January 19, 2013, and has not been renewed.

1 3. On or about February 7, 2014, Respondent was served by Certified and First Class
2 Mail copies of the Accusation No. C20130418-01, Statement to Respondent, Notice of Defense,
3 and Request for Discovery at Respondent's address of record which, pursuant to Title 10,
4 California Code of Regulations, section 3527, is required to be reported and maintained with the
5 Bureau. Respondent's address of record was and is:

6 388 Verona Ave., Danville, CA 94526.

7 4. Service of the Accusation was effective as a matter of law under the provisions of
8 Government Code section 11505, subdivision (c) and/or Business & Professions Code section
9 124.

10 5. On or about February 24, 2014, the aforementioned documents were returned by the
11 U.S. Postal Service marked "RETURN TO SENDER UNABLE TO FORWARD." The address
12 on the documents was the same as the address on file with the Bureau. Respondent failed to
13 maintain an updated address with the Bureau and the Bureau has made attempts to serve the
14 Respondent at the address on file. Respondent has not made himself available for service and
15 therefore, has not availed himself of his right to file a notice of defense and appear at hearing.

16 6. Government Code section 11506 states, in pertinent part:

17 (c) The respondent shall be entitled to a hearing on the merits if the respondent
18 files a notice of defense, and the notice shall be deemed a specific denial of all parts
19 of the accusation not expressly admitted. Failure to file a notice of defense shall
20 constitute a waiver of respondent's right to a hearing, but the agency in its discretion
21 may nevertheless grant a hearing.

22 7. Respondent failed to file a Notice of Defense within 15 days after service upon him
23 of the Accusation, and therefore waived his right to a hearing on the merits of Accusation No.
24 C20130418-01.

25 8. California Government Code section 11520 states, in pertinent part:

26 (a) If the respondent either fails to file a notice of defense or to appear at the
27 hearing, the agency may take action based upon the respondent's express admissions
28 or upon other evidence and affidavits may be used as evidence without any notice to
29 respondent.

30 9. Pursuant to its authority under Government Code section 11520, the Bureau finds
31 Respondent is in default. The Bureau will take action without further hearing and, based on the

1 relevant evidence contained in the Default Decision Evidence Packet in this matter, as well as
2 taking official notice of all the investigatory reports, exhibits and statements contained therein on
3 file at the Bureau's offices regarding the allegations contained in Accusation No. C20130418-01,
4 finds that the charges and allegations in Accusation No. C20130418-01, are separately and
5 severally, found to be true and correct by clear and convincing evidence.

6 10. Taking official notice of its own internal records, pursuant to Business and
7 Professions Code section 11409, it is hereby determined that the reasonable costs for
8 Investigation and Enforcement is \$850.00 as of April 16, 2014.

9 DETERMINATION OF ISSUES

10 1. Based on the foregoing findings of fact, Respondent Steven A. Costelli has subjected
11 his Real Estate Appraiser License No. AR020097 to discipline.

12 2. The agency has jurisdiction to adjudicate this case by default.

13 3. The Bureau of Real Estate Appraisers is authorized to revoke Respondent's Real
14 Estate Appraiser License based upon the following violations alleged in the Accusation which are
15 supported by the evidence contained in the Default Decision Evidence Packet in this case:

16 a. California Code of Regulations, title 10, sections 3721(a)(2), and 3721(a)(7) and
17 Business and Professions Code sections 11320, 11321(a) and 11321(b) and 11328 (performing
18 appraisals while license expired, and failure to cooperate with investigation).

19 ORDER

20 IT IS SO ORDERED that Real Estate Appraiser License No. AR020097, heretofore issued
21 to Respondent Steven A. Costelli, is revoked.

22 Pursuant to Government Code section 11520, subdivision (c), Respondent may serve a
23 written motion requesting that the Decision be vacated and stating the grounds relied on within
24 seven (7) days after service of the Decision on Respondent. The agency in its discretion may

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1 vacate the Decision and grant a hearing on a showing of good cause, as defined in the statute.

2 This Decision shall become effective on 5-26-14.

3 It is so ORDERED 4-25-14

4
5 **Original Signed**

6 CHIEF OF THE BUREAU OF REAL ESTATE
7 APPRAISERS
8 DEPARTMENT OF CONSUMER AFFAIRS

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25 40945177.DOC
DOJ Matter ID:SF2014407007

26 Attachment:
27 Exhibit A: Accusation

Exhibit A

Accusation

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2 FRANK H. PACOE
Supervising Deputy Attorney General
3 CHAR SACHSON
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Attorneys for Complainant

7
8 **BEFORE THE**
BUREAU OF REAL ESTATE APPRAISERS
DEPARTMENT OF CONSUMER AFFAIRS
9 **STATE OF CALIFORNIA**

10
11 In the Matter of the Accusation Against:

Case No. C20130418-01

12 **STEVEN A. COSTELLI**
13 **388 Verona Ave.**
Danville, CA 94526

ACCUSATION

14 **Real Estate Appraiser Lic. No. AR020097**

15 Respondent.

16
17 Complainant alleges:

18 **PARTIES**

19 1. Elizabeth Seaters, acting on behalf of the Bureau of Real Estate Appraisers
20 (Complainant), Department of Consumer Affairs, brings this Accusation solely in her official
21 capacity as Chief of Enforcement for Complainant.

22 2. On or about January 20, 2011, the Bureau of Real Estate Appraisers (formerly Office
23 of Real Estate Appraisers) issued Real Estate Appraiser License Number 020097 to Steven A.
24 Costelli (Respondent). The Real Estate Appraiser License expired on January 19, 2013, and has
25 not been renewed.

26 **JURISDICTION**

27 3. This Accusation is brought before the Bureau of Real Estate Appraisers (Bureau) for
28 the Department of Consumer Affairs, under the authority of the following laws. All section

1 references are to the Business and Professions Code unless otherwise indicated.

2 4. Business and Professions Code section 11301 states:

3 "(a) There is hereby created within the Department of Consumer Affairs a Bureau of Real
4 Estate Appraisers to administer and enforce this part.

5 (b) Whenever the term "Office of Real Estate Appraisers" appears in any other law, it
6 means the "Bureau of Real Estate Appraisers."

7 5. Business and Professions Code section 11313 states:

8 "The bureau is under the supervision and control of the Director of Consumer Affairs. The
9 duty of enforcing and administering this part is vested in the chief, and he or she is responsible to
10 the Director of Consumer Affairs therefor. The chief shall adopt and enforce rules and
11 regulations as are determined reasonably necessary to carry out the purposes of this part. Those
12 rules and regulations shall be adopted pursuant to Chapter 3.5 (commencing with Section 11340)
13 of Part 1 of Division 3 of Title 2 of the Government Code. Regulations adopted by the former
14 Director of the Office of Real Estate Appraisers shall continue to apply to the bureau and its
15 licensees."

16 6. Business and Professions Code section 11315.3 states:

17 The suspension, expiration, or forfeiture by operation of law of a license or certificate of
18 registration issued by the office, or its suspension, forfeiture, or cancellation by order of the office
19 or by order of a court of law, or its surrender without the written consent of the office, shall not,
20 during any period in which it may be renewed, restored, reissued, or reinstated, deprive the office
21 of its authority to institute or continue a disciplinary proceeding against the licensee or registrant
22 upon any ground provided by law or to enter an order suspending or revoking the license or
23 certificate of registration, or otherwise taking disciplinary action against the licensee or registrant
24 on any such ground.

25 7. Business and Professions Code section 11316, subdivision (a) states:

26 "(a) The director may assess a fine against a licensee, applicant for licensure, person who
27 acts in a capacity that requires a license under this part, course provider, applicant for course
28 provider accreditation, or a person who, or entity that, acts in a capacity that requires course

1 provider accreditation for violation of this part or any regulations adopted to carry out its
2 purposes."

3 8. California Code of Regulations, title 10, section 3721 states:

4 "(a) The Director may issue a citation, order of abatement, assess a fine or private or public
5 reproof, suspend or revoke any license or Certificate of Registration, and/or may deny the
6 issuance or renewal of a license or Certificate of Registration of any person or entity acting in a
7 capacity requiring a license or Certificate of Registration who has:

8 "(1) Been convicted of a felony or any crime which is substantially related to the
9 qualifications, functions, or duties of the profession of real estate appraisal;

10 "(2) Done any act involving dishonesty, fraud or deceit with the intent to benefit himself or
11 another, or to injure another;

12 "(3) Been convicted for a commission or solicitation of a criminal act which involved or
13 threatened bodily harm to others;

14 "(4) Done any act which if done by the holder of a license to practice real estate appraisal
15 would be grounds for revocation or suspension of such license;

16 "(5) Knowingly made a false statement of material fact required to be disclosed in an
17 application for a license authorizing the practice of real estate appraisal;

18 "(6) Violated any provision of USPAP;

19 "(7) Violated any provision of the Real Estate Appraisers' Licensing and Certification Law,
20 Part 3 (commencing with Section 11300) of Division 4 of the Business and Professions Code, or
21 regulations promulgated pursuant thereto; or any provision of the Business and Professions Code
22 applicable to applicants for or holders of licenses authorizing appraisals;

23 "(8) Been prohibited from participating in the affairs of an insured depository institution
24 pursuant to Section 19(a) of the Federal Deposit Insurance Act (12 U.S.C. Section 1829.); or

25 "(9) Submitted a financial instrument to OREA for the payment of any fee, fine or penalty
26 which instrument is subsequently dishonored by the issuing institution due to an act or omission
27 of that person.

28

1 "(b) Before issuing any private or public reproof or denying, suspending, or revoking any
2 license or Certificate of Registration issued or issuable under the provisions of the Real Estate
3 Appraisers Licensing and Certification Law or these regulations, the Office shall proceed as
4 prescribed by Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of
5 the Government Code (the Administrative Procedure Act) and the Office shall have all the
6 powers granted therein.

7 "(c) Any person issued a citation containing a fine or order of abatement may contest the
8 citation by filing a written notice with the Office within 30 calendar days that states with
9 specificity the basis of the appeal. Upon receipt of such notice, the Office shall proceed as
10 prescribed by Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of
11 the Government Code (the Administrative Procedure Act) and the Office shall have all the
12 powers granted therein."

13 9. Business and Professions Code section 11320, states, in pertinent part:

14 "No person shall engage in federally related real estate appraisal activity governed by this
15 part or assume or use the title of or any title designation or abbreviation as a licensed appraiser in
16 this state without first obtaining a license as defined in Section 11302."

17 10. Business and Professions Code section 11321 states:

18 "(a) No person other than a state licensed real estate appraiser may assume or use that title
19 or any title, designation, or abbreviation likely to create the impression of state licensure as a real
20 estate appraiser in this state.

21 "(b) No person other than a licensee may sign an appraisal. A trainee licensed pursuant to
22 Section 11327 may sign an appraisal if it is also signed by a licensee.

23 "(c) No person other than a licensee holding a current valid license at the residential level
24 issued under this part to perform, make, or approve and sign an appraisal may use the
25 abbreviation SLREA in his or her real property appraisal business.

26 "(d) No person other than a licensee holding a current valid license at a certified level
27 issued under this part to perform, make, or approve and sign an appraisal may use the term "state
28

1 certified real estate appraiser" or the abbreviation SCREA in his or her real property appraisal
2 business."

3 11. Business and Professions Code section 11328 states, in pertinent part:

4 "To substantiate documentation of appraisal experience, or to facilitate the investigation of
5 illegal or unethical activities by a licensee, applicant, or other person acting in a capacity that
6 requires a license, that licensee, applicant, or person shall, upon the request of the director, submit
7 copies of appraisals, or any work product which is addressed by the Uniform Standards of
8 Professional Appraisal Practice, and all supporting documentation and data to the OREA."

9 12. California Code of Regulations, title 10, section 3527 states, in pertinent part:

10 "(a) All applicants for and holders of a license, temporary practice permit or course
11 provider approval permit shall submit written notice to OREA of any change to the following
12 within 10 days on the Change Notification and Miscellaneous Requests Form REA 3011 (Rev.
13 5/8/00), which is herein incorporated by reference:

14 "(1) Name;

15 "(2) Residence telephone number;

16 "(3) Business telephone number;

17 "(4) Residence address;

18 "(5) Business name or address; or

19 "(6) Mailing address.

20 " . . . "

21 13. Business and Professions Code section 11409, subdivision (a) states:

22 "Except as otherwise provided by law, any order issued in resolution of a disciplinary
23 proceeding may direct a licensee, applicant for licensure, person who acts in a capacity that
24 requires a license under this part, registrant, applicant for a certificate of registration, course
25 provider, applicant for course provider accreditation, or a person who, or entity that, acts in a
26 capacity that requires course provider accreditation found to have committed a violation or
27 violations of statutes or regulations relating to real estate appraiser practice to pay a sum not to
28 exceed the reasonable costs of investigation, enforcement, and prosecution of the case."

1 FIRST CAUSE FOR DISCIPLINE

2 (Expired License – Appraisal of 600 North Claremont Street, Unit 6, San Mateo, California)

3 14. Respondent is subject to disciplinary action under California Code of Regulations,
4 title 10, section 3721(a)(2) and 3721(a)(7) and sections 11320, 11321(a) and 11321(b) in that
5 Respondent prepared an appraisal report of property located at 600 North Claremont Street, Unit
6 6, San Mateo, California, and signed that report on or about January 31, 2013, using the title or
7 designation of “Appraiser.” Respondent’s Real Estate Appraiser license expired on or about
8 January 19, 2013, and has not been renewed.

9 SECOND CAUSE FOR DISCIPLINE

10 (Expired License – Appraisal of 321 North San Mateo Drive, Unit 108, San Mateo, California)

11 15. Respondent is subject to disciplinary action under California Code of Regulations,
12 title 10, section 3721(a)(2) and 3721(a)(7) and sections 11320, 11321(a) and 11321(b) in that
13 Respondent prepared an appraisal report of property located at 321 North San Mateo Drive, Unit
14 108, San Mateo, California, and signed that report on or about February 21, 2013, using the title
15 or designation of “Appraiser.” Respondent’s Real Estate Appraiser license expired on or about
16 January 19, 2013, and has not been renewed.

17 THIRD CAUSE FOR DISCIPLINE

18 (Failure to Facilitate Investigation)

19 16. Respondent is subject to disciplinary action under California Code of Regulations,
20 title 10, section 3721(a)(7) and section 11328 in that he failed to facilitate a Bureau investigation.
21 The Bureau sent a demand letter to Respondent’s address of record on or about June 10, 2013,
22 requesting copies of the appraisal reports for the properties located at 600 North Claremont Street,
23 Unit 6, San Mateo, California and 321 North San Mateo Drive, Unit 108, San Mateo, California.
24 On or about September 3, 2013, the Bureau sent a follow up demand letter to Respondent at a
25 forwarding address listed by the U.S. Postal Service. The Bureau also requested that Respondent
26 provide the appraisal reports via telephone on or about August 2, 2013. Respondent failed to
27 respond to any of the Bureau’s requests, and has not provided copies of the subject appraisal
28 reports.

1 FOURTH CAUSE FOR DISCIPLINE

2 (Failure to Provide Updated Contact Information)

3 17. Respondent is subject to disciplinary action under California Code of Regulations,
4 title 10, section 3721(a)(7) and section 3527(a) in that he failed to submit written notice to the
5 Bureau of a change of address.

6 PRAYER

7 WHEREFORE, Complainant requests that a hearing be held on the matters herein alleged,
8 and that following the hearing, the Chief of the Bureau of Real Estate Appraisers issue a decision:

9 1. Revoking or suspending Real Estate Appraiser License Number 020097, issued to
10 Steven A. Costelli;

11 2. Ordering Steven A. Costelli to pay the Bureau of Real Estate Appraisers the
12 reasonable costs of the investigation and enforcement of this case, pursuant to Business and
13 Professions Code section 11409;

14 3. Ordering Steven A. Costelli to pay the Bureau of Real Estate Appraisers a fine
15 pursuant to Business and Professions Code section 11316; and

16 4. Taking such other and further action as deemed necessary and proper.

17
18
19 DATED: 2/7/14

Original Signed

20 ELIZABETH SEATERS
21 Chief of Enforcement
22 Bureau of Real Estate Appraisers
23 Department of Consumer Affairs
State of California
Complainant

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